

Aurora BayCare Medical Center



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Testimony on Healthcare Cost and Value

July 22, 2002

Good Afternoon and thank you for the opportunity to testify here today. I'm Linda Smith, Administrator of Aurora BayCare Medical Center, an acute care hospital here in Green Bay. I have 18 years of experience in hospital administration in Wisconsin and California.

Healthcare is viewed as one of the necessities of life like food, water, and shelter in that all four under the right circumstances can be viewed as life saving. However, it can be very expensive depending on the illness treated. In fact, medical bills are listed as the number two cause of bankruptcy in this country.

So what are the causes of high medical costs? There have been numerous articles written on the subject and while I won't cover all of the reasons, I will focus on commonly agreed upon concepts about our healthcare system.

First, while we lead the world in healthcare spending per citizen, we unfortunately don't have the outcome one would expect with such spending – namely a longer life span. Part of the reason for that is that good healthcare does not overcome bad life habits such as poor diet, smoking, sedentary lifestyle, or obesity. The other problem is that we pour so many resources into caring for catastrophic conditions rather than into disease prevention.

Second, large government programs such as Medicaid and Medicare do not cover 100% of the cost of caring for those populations, and therefore private commercial insurers have traditionally paid higher reimbursements to providers to cover the government's shortfall and to account for the non-paying population.

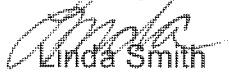
Third, some insurance products insulate the patient from the actual cost of medical care and therefore no effort is made by the patient to control their own expenditures such as asking for generic drugs.

Fourth, pharmaceutical costs have skyrocketed primarily due to the marketing expenses of manufacturer to consumer advertising. We are creating a public that thinks that any visit to a physician or hospital should result in a drug being dispensed and that there is a drug available to cure any and all ailments.

Fifth, the healthcare system needs to become better coordinated among physicians, hospitals, pharmacies, nursing homes, and home health agencies to avoid the duplication of service that occurs among those entities.

Finally, we must not forget our population demographics wherein our current baby boomer generation which overwhelmed hospitals during their births in the 1940's and 1950's, and the schools in 1960's, will overwhelm our healthcare system in this new century as they make heavier demands on the healthcare system than ever before.

Thank you

A handwritten signature in cursive script, appearing to read "Linda Smith", written in dark ink.

Linda Smith
Administrator